

U.S. Department of Education

**Staff Report
to the
Senior Department Official
on
Recognition Compliance Issues**

RECOMMENDATION PAGE

1. **Agency:** Transnational Association Of Christian Colleges and Schools (1991/2005)

(The dates provided are the date of initial listing as a recognized agency and the date of the agency's last grant of recognition.)

2. **Action Item:** Petition for Continued Recognition

3. **Current Scope of Recognition:** The accreditation and pre-accreditation of postsecondary institutions in the United States that offer certificates, diplomas, and associate, baccalaureate, and graduate degrees, including institutions that offer distance education.

4. **Requested Scope of Recognition:** The accreditation and pre-accreditation of Christian postsecondary institutions in the United States that offer certificates, diplomas, and associate, baccalaureate, and graduate degrees, including institutions that offer distance education.

NOTE: This is a clarification of the agency's current scope of recognition.

5. **Date of Advisory Committee Meeting:** June, 2011

6. **Staff Recommendation:** Continue the agency's recognition and require the agency to come into compliance within 12 months, and submit a compliance report that demonstrates the agency's compliance with the issues identified below.

7. **Issues or Problems:**

The agency needs to provide documentation showing that its accreditation is an enabling factor for obtaining licensure/certification and acceptance by practitioners and employers. [602.13]

The agency needs to demonstrate that it meets the separate and independent requirements of 602.14(b)(2). [602.14(a)]

The agency must demonstrate that it has filled the remaining public member vacancy on its commission as specified in its bylaws. [602.14(b)]

The agency must address the Department's concerns for the negative cash flow and the basis for the agency's budget projections, and provide more information regarding its finances, especially information regarding its projected increase in dues and decrease in payroll. [602.15(a)(1)]

The agency must provide evidence that its commission includes education and expertise in the area of distance education. It also needs to demonstrate that it has selection criteria by which it determines that site evaluators have appropriate education and expertise to be effective site visitors and it must demonstrate that it has conducted appeals panel training. [602.15(a)(2)]

The agency must elect and seat another faculty commissioner in order to have two faculty member commissioners as required in its bylaws. [602.15(a)(3)]

The agency must provide evidence that it has the required number of public members on its commission, as specified in its bylaws. [602.15(a)(5)]

The agency must demonstrate that it has and effectively applies standards for assessing student outcome measures. [602.16(a)(1)(i)]

The agency needs to provide additional information regarding its expectations for assessing an institution's performance with respect to student achievement and documentation of its effective application of this requirement. [602.17(f)]

The agency needs to provide evidence that it has, and applies, review factors (e.g., thresholds, trends, etc.) in assessing the information provided during its review and how and when follow-up action will be taken by the agency. [602.19(b)]

The agency needs to amend its policy to include program-level growth monitoring and provide evidence of its effective application of this policy.

[602.19(d)]

The agency must demonstrate that its current review of standards solicited and included input from all of its relevant constituencies (particularly constituencies external to the accreditation process) and expound on its procedures for conducting its reliability/validity/ study.

[602.21(a)(b)]

The agency must demonstrate that it has clearly written protocols for the revision of its standards that include a timeframe for making revisions and demonstrate that it has provided adequate opportunity for all of its relevant constituencies and interested parties to comment on all proposed changes. [602.21(c)]

The agency must provide more information on its review of substantive changes, including a completed substantive change request.

[602.22(a)(1)]

The agency needs to clarify if it offers this type of substantive change. If so, it must establish an effective mechanism to evaluate institutions' requests. [602.22(a)(2)(viii)]

The agency must identify, in policy, those conditions/situations that would require an institution to undergo a new comprehensive evaluation in the context of this requirement and demonstrate its effective application of its policy. It must demonstrate that it applies its policy as written. [602.22(a)(3)]

The agency needs to provide documentation related to the approval of an additional location in the United States. [602.22(c)(1)]

The agency must either provide evidence of the application of its policies pertaining to the rapid growth of additional locations or state that it has not experienced these situations. [602.22(c)(3)]

The agency must provide documentation to demonstrate that it has made on-site visits to additional locations during which it verified that the location has the personnel, facilities and resources it claimed to have in its application. [602.22(d)]

The agency must provide evidence of its effective application of its complaint policies during the next year or report it has not received a complaint when it submits its compliance report. [602.23(c)]

The agency needs to provide an example of a request to establish a branch campus located in the United States, demonstrating its effective application of this criterion. [602.24(a)]

EXECUTIVE SUMMARY

PART I: GENERAL INFORMATION ABOUT THE AGENCY

The Transnational Association of Christian Colleges and Schools (TRACS) is an institutional accreditor. Its current scope of recognition is the accreditation and pre-accreditation ("Candidate" status) of postsecondary institutions that offer certificates, diplomas, and associate, baccalaureate, and graduate degrees, including institutions that offer distance education. It is requesting a clarification of its current scope to specify that it accredits and pre-accredits "Christian postsecondary institutions." TRACS accredits or pre-accredits 54 institutions in 22 states. TRACS' accreditation provides a link to Title IV funding for 35 of its institutions and a link to Title III funding for three of its Historically Black Colleges and Universities (HBCU) institutions.

Recognition History

TRACS received initial recognition in July 1991 and has maintained continued recognition since that time. The agency last appeared before the NACIQI at the Committee's December 2004 meeting. Following that meeting, in 2005 the Secretary granted the agency renewed recognition for a period of five years.

PART II: SUMMARY OF FINDINGS

§602.13 Acceptance of the agency by others.

The agency must demonstrate that its standards, policies, procedures, and decisions to grant or deny accreditation are widely accepted in the United States by--

(a) Educators and educational institutions; and

(b) Licensing bodies, practitioners, and employers in the professional or vocational fields for which the educational institutions or programs within the agency's jurisdiction prepare their students.

The agency's acceptance by educators is demonstrated by the willingness of educators to serve on both its commission and its site review teams. Its acceptance by educational institutions is demonstrated by the willingness of its 54 pre-accredited and accredited institutions to undergo the agency's review process and seek its accreditation.

The agency stated that its acceptance by licensing bodies is demonstrated by the willingness of various licensing bodies to grant certification/licensure to graduates of TRACS-accredited schools in the fields of accounting, aviation, cosmetology, counseling/psychology, ministry, nursing, and teaching. However, insufficient documentation was provided to support this claim.

Acceptance of the agency by practitioners and employers was not addressed by the agency. Since various licensing bodies reportedly accept the credentials of students who are graduates of TRACS-accredited schools, it would presumably follow that these graduates are then accepted by practitioners and employers, but information must be provided to verify this.

Staff determination: The agency does not meet the requirements of this section. The agency must provide information on its acceptance by licensing bodies, practitioners, and employers.

Analyst Remarks to Response:

While the agency did provide information demonstrating that graduates of some of its accredited institutions obtained licensure/certification and found employment, the agency did not provide information to demonstrate specific acceptance of the agency (i.e., specific mention of graduation from a TRACS-accredited institution) by those licensing bodies, practitioners, and employers.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide documentation showing that its accreditation is an enabling factor for obtaining licensure/certification and acceptance by practitioners and employers.

§602.14 Purpose and organization

(a) The Secretary recognizes only the following four categories of agencies:

The Secretary recognizes...

(1) An accrediting agency

- (i) Has a voluntary membership of institutions of higher education;**
- (ii) Has as a principal purpose the accrediting of institutions of higher education and that accreditation is a required element in enabling those institutions to participate in HEA programs; and**
- (iii) Satisfies the "separate and independent" requirements in paragraph (b) of this section.**

(2) An accrediting agency

- (i) Has a voluntary membership; and**
- (ii) Has as its principal purpose the accrediting of higher education programs, or higher education programs and institutions of higher education, and that accreditation is a required element in enabling those entities to participate in non-HEA Federal programs.**

(3) An accrediting agency for purposes of determining eligibility for Title IV, HEA programs--

- (i) Either has a voluntary membership of individuals participating in a profession or has as its principal purpose the accrediting of programs within institutions that are accredited by a nationally recognized accrediting agency; and**
- (ii) Either satisfies the "separate and independent" requirements in paragraph (b) of this section or obtains a waiver of those requirements under paragraphs (d) and (e) of this section.**

(4) A State agency

- (i) Has as a principal purpose the accrediting of institutions of higher education, higher education programs, or both; and**
 - (ii) The Secretary listed as a nationally recognized accrediting agency on or before October 1, 1991 and has recognized continuously since that date.**
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TRACS is a Category (1) agency.

The agency is a voluntary membership organization. Article 3 of the agency's bylaws states that its members shall consist of its accredited and pre-accredited institutions and that each of its accredited schools has one vote in agency matters. Pre-accredited members do not vote.

Article 6 of the agency's bylaws states that the agency exists to accredit educational institutions. The agency's accreditation provides a link for 35 of its 54 institutions to participate in ED's Title IV programs, as well as for three of its HBCUs to participate in ED's Title III programs.

The agency's bylaws state under article 7 that the accreditation commission is the entity responsible for the management of the agency, serves as its board of directors, and has full responsibility for accreditation matters.

The agency has provided evidence that it meets the structural and organizational requirements of this section, however, it has not demonstrated that it meets the separate and independent requirements of 602.14(b)(2).

Staff determination: The agency does not meet the requirements of this section. The agency needs to demonstrate that it meets the separate and independent requirements.

Analyst Remarks to Response:

Although the agency has initiated action to meet the separate and independent requirements of 602.14(b)(2), it has not yet done so.

Staff determination: The agency does not meet the requirements of this section. The agency needs to demonstrate that it meets the separate and independent requirements of 602.14(b)(2).

(b) For purposes of this section, the term separate and independent means that--

(1) The members of the agency's decision-making body--who decide the accreditation or preaccreditation status of institutions or programs, establish the agency's accreditation policies, or both--are not elected or selected by the board or chief executive officer of any related, associated, or affiliated trade association or membership organization;

(2) At least one member of the agency's decision-making body is a representative of the public, and at least one-seventh of that body consists of representatives of the public;

(3) The agency has established and implemented guidelines for each member of the decision-making body to avoid conflicts of interest in making decisions;

- (4) The agency's dues are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and**
- (5) The agency develops and determines its own budget, with no review by or consultation with any other entity or organization.**
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1) The agency's bylaws under article 7 state that the commission will have between nine and 18 commissioners and that the agency's commissioners are elected by its member institutions thus meeting the requirement of 602.14(b)(1). Article 3 of the agency's bylaws states that its members shall consist of its accredited and pre-accredited institutions, and that each of its accredited schools shall have one vote in agency matters. Pre-accredited members do not vote. The agency's bylaws state under article 7 that the accreditation commission is the entity responsible for the management of the agency, serves as its board of directors, and has full responsibility for accreditation matters.

2) The agency's bylaws also state that at least three, but not more than 1/3 of the commissioners must be public members. While the agency has a ratio of commissioner seats to public member seats that is compliant with the criterion, its current sitting commission:public member ratio is 15:2. The agency is advised to fill its vacancies expeditiously. However, the agency has not demonstrated that its public members meet the agency's definition of a public member, specifically the requirement that public members are not the spouse, parent, child or sibling of an individual identified in paragraph (1) and (2) of the Secretary's definition of a public member.

3) Conflicts of interest are addressed in the agency's policy manual. Conflicts for commissioners are specifically defined as: having served the institution for compensation within the past three years; being a stockholder or board member of the institution; or any other association or activity that would appear to compromise a person's capacity for objectivity. While the policy states that commissioners must sign conflict of interest forms, neither the form itself, nor any signed forms, were provided as documentation. Appeals panel members must also follow the same provisions.

4) Dues are paid directly to the agency.

5) The agency's staff prepares a draft budget for consideration and adoption by the commission. As stated previously, the agency's bylaws specify that the commission is responsible for the agency's management and serves as its board of directors, thus meeting the requirements of 602.14(b)(4-5).

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it is taking steps to fill the public member vacancy and comply with the 7:1 commissioner:public member ratio. The agency must also demonstrate that members of its commission and appeals

panel adhere to its conflict of interest policy requirements.

Analyst Remarks to Response:

The agency notes that it currently has two public members out of 14 commissioners, thereby meeting the 7:1 commissioner:public member requirement. Although the agency has nominated an additional public member in order to have three public members on its commission as specified in its bylaws, action to select and seat that commissioner will not be finalized until July 1, 2011. The agency provided documentation to demonstrate that the members of its commission and appeals panels sign forms in support of the agency's conflict of interest policy requirements and their qualifications to serve in a specific capacity.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it has filled the remaining public member vacancy on its commission as specified in its bylaws.

§602.15 Administrative and fiscal responsibilities

The agency must have the administrative and fiscal capability to carry out its accreditation activities in light of its requested scope of recognition.

The agency meets this requirement if the agency demonstrates that--

(a) The agency has--

(1) Adequate administrative staff and financial resources to carry out its accrediting responsibilities;

STAFF

Staffing levels are adequate to service the number of institutions accredited by this agency. However, the agency has not provided clear and comprehensive evidence of its administrative capacity. The narrative states that the agency has four "full-time" professional staff but then lists two people for one position (vice president for institutional compliance), which would give the appearance that these two staff members are part-time rather than full-time. The narrative does not appear to include the vice president for administrative services in its count of professional staff, despite the fact that this person holds the title of vice president. Brief summary resumes were provided for the president, the two co-vice-presidents, and two regional coordinators, but not for the vice president for finance or the vice president for administrative services. Job descriptions were not provided for the vice president of administrative services nor for the regional coordinators. It appears that the president and the co-vice-presidents for institutional compliance are appropriately qualified for their positions, but it was not possible to review the other staff members' qualifications since some resumes are missing and some position descriptions are missing. Further, the organization chart lists the person who was apparently the former vice president for finance rather than the current (interim) vice president for finance. The

agency needs to provide additional information regarding its staffing.

FINANCES

The agency submitted audited financial statements for 2009 and 2010 and noted that it experienced a shortfall in both years. In 2009, expenses exceeded revenues by approximately 18%. In 2010, expenses exceeded revenues by approximately 4%. The statements demonstrate that the agency's finances are improving, and the agency states that it is on course to meet its budget in 2011. However, the 2011 projected budget is predicated upon revenues and expenses that are approximately 11% lower than those in 2010. The agency states that it was able to cover the shortfalls in both years with its reserves. The agency projects somewhat higher income from membership dues and also approximately 30% lower payroll expenses. It is unclear whether the increase in dues is based upon higher dues for the current institutions or an increase in the number of institutions accredited. It is also unclear which staff positions have (presumably) been eliminated or what impact that might have on the agency's operation. More information is needed in these areas.

Staff determination: The agency does not meet the requirements of this section. The agency must provide more information regarding its staff's qualifications and position descriptions. The agency must also provide more information regarding its finances, especially information regarding its projected increase in dues and decrease in payroll.

Analyst Remarks to Response:

The agency provided additional information regarding its staff's qualifications and position descriptions. The agency documentation supports that its staff has the necessary qualifications and experience to perform their assigned duties. The agency documentation describes the relative duties of each staff member and reveals that all functions expected of a recognized accreditor are included.

However, the agency did not address the Department's concerns for the negative cash flow and the basis for the agency's budget projections, specifically information regarding its projected increase in dues and decrease in payroll.

Staff determination: The agency does not meet the requirements of this section. The agency must address the Department's concerns for the negative cash flow and the basis for the agency's budget projections, and provide more information regarding its finances, especially information regarding its projected increase in dues and decrease in payroll.

(2) Competent and knowledgeable individuals, qualified by education and experience in their own right and trained by the agency on their responsibilities, as appropriate for their roles, regarding the agency's standards, policies, and procedures, to conduct its on-site evaluations, apply or establish its policies, and make its accrediting and preaccrediting

decisions, including, if applicable to the agency's scope, their responsibilities regarding distance education and correspondence education;

Commissioners

The agency's bylaws specify that its commissioners must be appropriately qualified and identify specific criteria by which Commissioners are selected. Sample resumes demonstrate that the commissioners have the expected qualifications. Except for public members, the commissioners must be employees of the agency's accredited institutions. However, the agency has not demonstrated that the Commission includes individuals with education, experience, or expertise in distance education. The Commission needs to include individuals with competency and knowledge in all areas included in the agency's scope of recognition.

New commissioners receive training at their first meeting, and the agency submitted a training outline demonstrating that the training took place as specified. A training session is also included on the agenda of each commission meeting in order for the commissioners to receive ongoing training, and a training outline was also provided for this type of full-commission training.

Appeals Panel

The agency's policy manual states that appeals panel members are qualified by virtue of being employed by one of the agency's accredited institutions, or by being a member of the public. However, this is insufficient as the sole criterion to ensure that appeal panel members are qualified and competent. The policy manual also specifies that the panel members must be trained regarding their role and regarding the agency's policies and procedures. Panel members must renew their training before serving on an appeals committee if their initial training occurred more than one year prior to the committee's service. The agency is still in the process of establishing its appeals committee and no members have been trained as of this time.

Site Visitors

The agency submitted a list of its site visitor pool, which contains nearly 300 potential visitors. Sample resumes were provided for several site visitors, who appear to be appropriately qualified. However, it is not clear that the agency has and uses any criteria for determining that site evaluators are qualified by education and experience to be effective evaluators. Site visitor training is typically offered at the agency's annual meeting, and each person who completes the training is added to the site visitor pool. Team chairs must undergo additional training specific to that position. Documentation was provided showing the topics included in recent site visitor training sessions at an annual meeting.

Staff determination: The agency does not meet the requirements of this section.

The agency needs to provide evidence that its Commission includes education and expertise in the area of distance education. The agency must demonstrate that it has selection criteria by which it determines that site evaluators have appropriate education and expertise to be effective evaluators. Also, the agency is in the process of selecting and training its appeal panel members and must provide additional information on the selection criteria by which it selects appeal panel members, their qualifications and demonstrate that it has conducted appeals panel training.

Analyst Remarks to Response:

The agency provided additional information to demonstrate that it has selection criteria by which it determines that appeals panel members have appropriate education and expertise to be effective panelists, though it has not demonstrated that it has conducted appeals panel training.

While the agency described the training that it provides to site evaluators it did not demonstrate that it has selection criteria by which it determines that site evaluators have appropriate education and expertise necessary to be effective site visitors, prior to listing them as potential site evaluators.

The agency is in the process of selecting a new commission member who has experience directing a distance education program, however that person has not yet been formally selected for commission membership at this time. ED staff rejects the agency's assertion that other commission members have the education and expertise necessary to evaluate distance education programs merely because such programs happen to be in place at their institutions.

Also, the agency still has not demonstrated that it has conducted appeals panel training.

Staff determination: The agency does not meet the requirements of this section. The agency must provide evidence that its commission includes education and expertise in the area of distance education. It also needs to demonstrate that it has selection criteria by which it determines that site evaluators have appropriate education and expertise to be effective site visitors and it must demonstrate that it has conducted appeals panel training.

(3) Academic and administrative personnel on its evaluation, policy, and decision-making bodies, if the agency accredits institutions;

The agency's bylaws specify that, as of November 2010, at least two members of the commission must be full-time faculty members of member institutions and that these faculty representative positions will be filled using the first two non-public member vacancies that occur after that time. The agency currently has only one faculty representative on its commission, and the other 12

non-public commission members are administrators.

Since the commission may consist of up to 18 members and is not currently at maximum capacity, it is unclear to staff why vacancies need to occur in order for the agency meet the faculty commissioner requirement it has specified in its own bylaws.

Staff determination: The agency does not meet the requirements of this section. The agency must elect another faculty member commissioner in order to have two faculty member commissioners as required in its bylaws.

Analyst Remarks to Response:

The agency has not yet added an additional faculty member commissioner, as new commissioners will not be seated until July 1, 2011.

Staff determination: The agency does not meet the requirements of this section. The agency must elect and seat another faculty commissioner in order to have two faculty member commissioners as required in its bylaws.

(5) Representatives of the public on all decision-making bodies; and

Commission

The agency's bylaws specify that at least three, but not more than one third, of its commissioners will be public members. The commission had four public members until recently, when two resigned. This leaves the commission below its own specified minimum of three commissioners. In addition, the agency has not demonstrated that its public members meet the agency's definition of a public member, specifically the requirement that public members are not the spouse, parent, child or sibling of an individual identified in paragraph (1) and (2) of the secretary's definition of a public member.

Appeals Panel

The agency's policy manual specifies that an appeals committee, which is selected from the appeals panel pool, will consist of five members and that at least one, but preferably two, members will be public representatives. The appeals panel is still in the process of being formed.

Staff determination: The agency does not meet the requirements of this section. The agency must provide evidence that it has the required number of public members on its commission and demonstrate that all of its public members meet the definition of a public member.

Analyst Remarks to Response:

The agency is in the process of adding another public member to its commission, as specified in its bylaws. However, the new commissioners will not be seated until July 1, 2011. The agency did demonstrate that its current public members meet the definition of a public member.

Staff determination: The agency does not meet the requirements of this section. The agency must provide evidence that it has the required number of public members on its commission, as specified in its bylaws.

§602.16 Accreditation and preaccreditation standards

(a) The agency must demonstrate that it has standards for accreditation, and preaccreditation, if offered, that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits. The agency meets this requirement if -

- **(1) The agency's accreditation standards effectively address the quality of the institution or program in the following areas:**

(i) Success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates.

The agency's standard 2.5 does specify that learning outcomes must be assessed. However, the agency's narrative, and this standard, appear to focus more upon a school's compliance with the agency's specified "Biblical foundations" statements than upon the assessment of student achievement related to quantitative student outcomes indicators such as course completion rates, graduation rates, certification/licensure pass rates, or placement rates, and/or qualitative indicators such as portfolios of student work or follow-up studies of graduates.

The agency does have standards in the area of evaluation and outcomes assessment that require the institution to conduct an assessment of student outcomes and to use the information in developing and implementing an institutional effectiveness plan. The agency provides insight into what this assessment needs to entail. For example, the agency states, "In the assessment of student learning outcomes and development, there are relevant data that should be collected and analyzed. These include graduation rates, job placement, retention rates and further study in graduate education. A high percentage of dropouts or a low job placement rate will require institutions to take appropriate action. Follow-up studies will indicate how well an institution is achieving its objectives." and identifies standards criteria 24.1-24.7 as its requirements. While this suggests that the agency is measuring compliance at

least in part by the institutions retention and (job) placement of students, the agency has not made clear what it considers to be a "high percentage" or a "low placement" rate. The agency has not demonstrated its effective application of its standard. It is not evident what are the factors, criteria, and benchmarks used by the agency in determining that the institution complies with its expectations pertaining to the institutions collection and assessment of student outcomes.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it has and effectively applies standards for assessing student outcome measures.

Analyst Remarks to Response:

The agency is still in the process of coming into compliance with these requirements.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it has and effectively applies standards for assessing student outcome measures.

§602.17 Application of standards in reaching an accrediting decision.

The agency must have effective mechanisms for evaluating an institution's or program's compliance with the agency's standards before reaching a decision to accredit or preaccredit the institution or program. The agency meets this requirement if the agency demonstrates that it--

(f) Provides the institution or program with a detailed written report that assesses--

- (1) The institution's or program's compliance with the agency's standards, including areas needing improvement; and**
- (2) The institution's or program's performance with respect to student achievement;**

and

The institution is provided written feedback via an evaluation team report and an institutional response matrix that identifies an institution's compliance and non-compliance with agency standards. To facilitate its feedback to the institution, the agency has developed a matrix that combines information regarding the findings from the on-site evaluation with the agency's response and supporting documentation, as well as stating the current compliance status regarding each finding. The agency provided a sample matrix for a recently reviewed institution.

However, the agency provided no detailed report of the institution's performance with respect to student achievement outcomes. While it is stated in the

evaluation team report that "Outcomes assessment studies demonstrate satisfactory student achievement and competency," this is insufficiently clear and provides no insight into the institution's success in providing its students an educational experience that will enable them to achieve goals.

Staff determination: The agency does not meet the requirement of this section. The agency must provide a detailed report of the institution's performance with respect to student achievement.

Analyst Remarks to Response:

The agency states that it is providing clarification to onsite review teams about how much detail on student achievement is included in the onsite review report. The agency also provided a recent report to demonstrate that the review teams are evaluating this onsite. However, the agency did not share the information or instructions that it is providing to its review teams as clarification. TRACS indicated in an earlier section that it is clarifying the factors, criteria, and benchmarks used to determine institutional compliance with the assessment and collection of student outcomes. This clarification and its application to the accreditation review process is critical for informing an institution's performance with respect to student achievement.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide additional information regarding its expectations for assessing an institution's performance with respect to student achievement and documentation of its effective application of this requirement.

§602.19 Monitoring and reevaluation of accredited institutions and programs.

(b) The agency must demonstrate it has, and effectively applies, a set of monitoring and evaluation approaches that enables the agency to identify problems with an institution's or program's continued compliance with agency standards and that takes into account institutional or program strengths and stability. These approaches must include periodic reports, and collection and analysis of key data and indicators, identified by the agency, including, but not limited to, fiscal information and measures of student achievement, consistent with the provisions of §602.16(f). This provision does not require institutions or programs to provide annual reports on each specific accreditation criterion.

The agency uses multiple reporting mechanisms that include the collection of numerous key data indicators both qualitative and quantitative, at various intervals throughout the accreditation cycle. TRACS requires two separate annual reports (one operations and one financial) from its member institutions, and a midpoint self-evaluation report at the 5-year timeframe of the accreditation

cycle during which comprehensive information is collected and reviewed about all aspects of the institution to include financial information.

The agency did not provide completed reports as evidence of its application of these monitoring requirements. It did, however, provide an agency developed summary report. While this report included significant data, including student outcomes data, it is not evident how the agency reviews this information. It is not clear whether the agency has mechanisms in place such as threshold levels or flags to identify issues of concern or noncompliance regarding an institution's continued compliance with the agency standards.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide evidence that it has, and applies, review factors (e.g., thresholds, trends, etc.) in assessing the information provided during its review and how and when follow-up action will be taken by the agency.

Analyst Remarks to Response:

While the agency provided additional information regarding how information from reports is processed at its office, it did not provide additional information on its review factors, such as thresholds or trends, that the agency has established for assessing the information.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide evidence that it has, and applies, review factors (e.g., thresholds, trends, etc.) in assessing the information provided during its review and how and when follow-up action will be taken by the agency.

(d) Institutional accrediting agencies must monitor the growth of programs at institutions experiencing significant enrollment growth, as reasonably defined by the agency.

The agency has a written policy on enrollment growth that defines significant growth at 10% and specifies that any institution that reports enrollment growth of 10% or more must provide documentation of the changes that it made to accommodate that growth. The policy further states that the agency may require a staff visit to verify that the institution remains in compliance with the agency's standards. However, the agency needs to provide evidence of its effective application of this policy. Further, the criterion requires that the agency monitor the growth of programs at institutions experiencing significant enrollment growth. The agency does not address this requirement in its policy.

Staff determination: The agency does not meet the requirements of this section. The agency needs to amend its policy to include program-level growth monitoring and provide evidence of its effective application of this policy.

Analyst Remarks to Response:

While the agency provided additional evidence of its application of its monitoring of significant growth in its institutions, it did not provide evidence that it has adhered to the requirement that, at institutions that have experienced "significant growth" (which the agency has defined as enrollment growth of greater than 10%), the agency must monitor the growth by program. Nor has the agency provided evidence that it has amended its policies regarding significant growth.

Staff determination: The agency does not meet the requirements of this section. The agency needs to amend its policy to include program-level growth monitoring and provide evidence of its effective application of this policy.

§602.21 Review of standards.

(a) The agency must maintain a systematic program of review that demonstrates that its standards are adequate to evaluate the quality of the education or training provided by the institutions and programs it accredits and relevant to the educational or training needs of students.

(b) The agency determines the specific procedures it follows in evaluating its standards, but the agency must ensure that its program of review--

(1) Is comprehensive;

(2) Occurs at regular, yet reasonable, intervals or on an ongoing basis;

(3) Examines each of the agency's standards and the standards as a whole; and

(4) Involves all of the agency's relevant constituencies in the review and affords them a meaningful opportunity to provide input into the review.

The agency's policy manual includes a written policy requiring it to conduct a systematic review of its standards by its standards review committee. Per its policy, reviews are conducted at reasonable intervals, through a systematic survey at least once every five years to assess the standards individually and as a whole, as well as in an on-going manner as issues arise. Public comment on proposed changes is sought and ongoing input from institutions and evaluation teams is welcomed. The agency's approach has been to build upon a reliability validity study begun 16 years ago. The study will be conducted in five-year cycles and each cycle will conclude with a summary report.

Although the agency provided considerable detail in its narrative regarding its standards review process, it is unclear that all relevant constituencies participate in the review process during each phase and is not clear how the agency solicits

input from external constituencies. While it appears from the agency's narrative that the agency has relied on a systematic procedure for conducting a reliability and validity study of its standards over many years, the process does not appear to have been formalized in the agency's policies and procedures manual. The agency should institutionalize this process if it is going to continue to use this approach in its review of its standards.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that its current review of standards solicited and included input from all of its relevant constituencies (particularly constituencies external to the accreditation process) and expound on its procedures for conducting its reliability/validity study.

Analyst Remarks to Response:

The agency appears to still be in the process of implementing the requirements of this section, soliciting input from all relevant constituencies during the review of its standards as appropriate measures of educational quality.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that its current review of standards solicited and included input from all of its relevant constituencies (particularly constituencies external to the accreditation process) and expound on its procedures for conducting its reliability/validity/ study.

(c) If the agency determines, at any point during its systematic program of review, that it needs to make changes to its standards, the agency must initiate action within 12 months to make the changes and must complete that action within a reasonable period of time. Before finalizing any changes to its standards, the agency must--

- (1) Provide notice to all of the agency's relevant constituencies, and other parties who have made their interest known to the agency, of the changes the agency proposes to make;**
 - (2) Give the constituencies and other interested parties adequate opportunity to comment on the proposed changes; and**
 - (3) Take into account any comments on the proposed changes submitted timely by the relevant constituencies and by other interested parties.**
-

As stated in the previous section, the agency's policies and procedures manual does not adequately detail its standards revision process, nor does it identify clearly that all revisions resulting from the systematic review process will be initiated within 12 months. The agency's documentation demonstrates that the agency does solicit input from its internal constituencies and provide a reasonable window to comment, but there is no evidence that the agency solicits

input from all of its relevant constituencies when revising its standards and prior to their implementation.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it has clearly written protocols for the revision of its standards that include timeframes for making revisions and demonstrate that it has provided adequate opportunity for all of its relevant constituencies and interested parties to comment on all proposed changes.

Analyst Remarks to Response:

The agency appears to still be in the process of implementing the requirements of this section, the revision of its standards process.

Staff determination: The agency does not meet the requirements of this section. The agency must demonstrate that it has clearly written protocols for the revision of its standards that include a timeframe for making revisions and demonstrate that it has provided adequate opportunity for all of its relevant constituencies and interested parties to comment on all proposed changes.

§602.22 Substantive change.

(a) If the agency accredits institutions, it must maintain adequate substantive change policies that ensure that any substantive change to the educational mission, program, or programs of an institution after the agency has accredited or preaccredited the institution does not adversely affect the capacity of the institution to continue to meet the agency's standards. The agency meets this requirement if--

(1) The agency requires the institution to obtain the agency's approval of the substantive change before the agency includes the change in the scope of accreditation or preaccreditation it previously granted to the institution; and

The agency's policy manual includes detailed requirements regarding substantive changes. The substantive change procedure specifies that an institution contemplating a substantive change must file a request, using the agency's substantive change form, at least three months before the commission meeting at which the change will be considered.

All substantive changes identified under this section of the Criteria require Commission approval as that approval is a part of the institution's grant of accreditation. The agency policy and documentation however indicates that the TRACS President is approving some of these substantive changes. In the Policy and Procedures Manual it states, "TRACS' President may approve substantive change requests which involve offering a program by distance (not at a branch

campus) if that program was included in the most recent Self-Study presented to TRACS during a review or the program has been approved through a prior substantive change.” The substantive change is that the program has undergone a significant departure in its mode of delivery, and this change must be approved by the Commission. The decision letter provided with the petition reflects that the President approved requests for the addition of programs. While the previous regulation did not include degree or certificate programs at a lower credential level as a substantive change, effective July 2010, the regulations do include this as a substantive change that requires Commission approval.

The agency provided a template of what information is requested to be provided; the agency did not provide a completed request to demonstrate the depth of the information being evaluated.

Staff determination: The agency does not meet the requirements of this section. The agency must amend its policies to require that the Commission is the decision-maker for all substantive change decisions required under this criterion and provide more information on its review of substantive changes, including a completed substantive change request.

Analyst Remarks to Response:

The agency amended its policies to require that the commission is the decision-maker for all substantive change decisions required under this criterion, but did not provide additional documentation.

Staff determination: The agency does not meet the requirements of this section. The agency must provide more information on its review of substantive changes, including a completed substantive change request.

(viii) (A) If the agency's accreditation of an institution enables it to seek eligibility to participate in title IV, HEA programs, the establishment of an additional location at which the institution offers at least 50 percent of an educational program. The addition of such a location must be approved by the agency in accordance with paragraph (c) of this section unless the accrediting agency determines, and issues a written determination stating that the institution has--

(1) Successfully completed at least one cycle of accreditation of maximum length offered by the agency and one renewal, or has been accredited for at least ten years;

(2) At least three additional locations that the agency has approved; and

(3) Met criteria established by the agency indicating sufficient capacity to add additional locations without individual prior approvals, including at a minimum satisfactory evidence of a system to ensure quality across a distributed enterprise that includes--

(i) Clearly identified academic control;

(ii) Regular evaluation of the locations;

(iii) Adequate faculty, facilities, resources, and academic and student support systems;

(iv) Financial stability; and

(v) Long-range planning for expansion.

(B) The agency's procedures for approval of an additional location, pursuant to paragraph (a)(2)(viii)(A) of this section, must require timely reporting to the agency of every additional location established under this approval.

(C) Each agency determination or redetermination to preapprove an institution's addition of locations under paragraph (a)(2)(viii)(A) of this section may not exceed five years.

(D) The agency may not preapprove an institution's addition of locations under paragraph (a)(2)(viii)(A) of this section after the institution undergoes a change in ownership resulting in a change in control as defined in 34 CFR 600.31 until the institution demonstrates that it meets the conditions for the agency to preapprove additional locations described in this paragraph.

(E) The agency must have an effective mechanism for conducting, at reasonable intervals, visits to a representative sample of additional locations approved under paragraph (a)(2)(viii)(A) of this section.

While the agency put the language of this section in its policy manual, unlike the other types of changes the agency doesn't have any guidance to support its application of this type of substantive change. If it is the agency's intent to offer its members an opportunity to seek a pre-approval, the agency does not meet the requirements of this section, as it has not established that it has an effective mechanism to evaluate the requests of institutions under the requirements of this section. However, if this was a misprint, the agency needs to revise its policy, omit this type of substantive change, and state that it does not offer this type of substantive change.

Staff determination: The agency does not meet the requirements of this section. The agency needs to clarify if it offers this type of substantive change. If so, it must establish an effective mechanism to evaluate institutions' requests.

Analyst Remarks to Response:

The agency is still in the process of meeting the requirements of this section.

Staff determination: The agency does not meet the requirements of this section. The agency needs to clarify if it offers this type of substantive change. If so, it must establish an effective mechanism to evaluate institutions' requests.

(3) The agency's substantive change policy must define when the changes made or proposed by an institution are or would be sufficiently extensive to require the agency to conduct a new comprehensive evaluation of that institution.

The agency's policy manual (p. 50) specifies that changes of ownership that result in a change of control or the addition of courses or programs that represent a significant departure from the existing educational programs or method of delivery that were last reviewed by the agency will require a comprehensive evaluation of the institution, including a self-study and an on-site review. The agency states that it has not received such requests. However, the agency provide an approval letter with its petition approving a request for offering a program that has a significant departure in its method of delivery.

This requirement seeks to ensure that agencies have mechanisms in place to conduct full comprehensive evaluations in situations that an institution has undertaken such substantive changes, e.g., a series of changes that has resulted in the institution morphing into what is essentially a new and different institution since its last grant of accreditation. The agency has not identified those conditions/situations that would require an institution to undergo a new comprehensive evaluation.

Staff determination: The agency does not meet the requirements of this section of the criteria. It must demonstrate that it applies its policy as written. It must also identify, in policy, those conditions/situations that would require an institution to undergo a new comprehensive evaluation in the context of this requirement and demonstrate its effective application of its policy.

Analyst Remarks to Response:

While the agency has modified its policies to identify certain substantive changes, e.g., changes in mission and objectives and change in ownership that results in a change of control, as situations that would require an institution to undergo a new comprehensive evaluation, the agency is not sufficiently clear in defining what it considers to be the "series of changes" that would result in the institution becoming what is essentially a new and different institution, which is the essence of this criterion.

Staff determination: The agency does not meet the requirements of this section of the criteria. The agency must identify, in policy, those conditions/situations that would require an institution to undergo a new comprehensive evaluation in the context of this requirement and demonstrate its effective application of its policy. It must demonstrate that it applies its policy as written.

(c)(1) A visit, within six months, to each additional location the institution establishes, if the institution--

- (i) Has a total of three or fewer additional locations;**
 - (ii) Has not demonstrated, to the agency's satisfaction, that it has a proven record of effective educational oversight of additional locations; or**
 - (iii) Has been placed on warning, probation, or show cause by the agency or is subject to some limitation by the agency on its accreditation or preaccreditation status;**
-

The agency has clear and specific procedural guidance regarding the establishment of an additional location; its administrative and financial capacity to operate the location are reviewed in considering approval of the additional location. The agency requires applications and site visits to all additional locations prior to approving the location.

The agency provided an application template, an evaluation team report, and a commission approval of an additional location in Spain, but it is not clear that this example accurately reflects the review/approval process in the U.S. The agency needs to provide evidence of a completed application, review, site visit, and approval of an additional location in the U.S.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide documentation related to the approval of an additional location in the United States.

Analyst Remarks to Response:

The agency is still in the process of meeting this requirement.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide documentation related to the approval of an additional location in the United States.

(c)(3) An effective mechanism, which may, at the agency's discretion, include visits to additional locations, for ensuring that accredited and preaccredited institutions that experience rapid growth in the number of additional locations maintain educational quality.

The agency's collection and review of enrollment data and enrollment growth (defined as 10% increase) via its annual operational report, in conjunction with its policy also allowing a staff visit to the institution to verify that it remains in compliance with the agency's standards, provides an effective mechanism for monitoring the maintenance of educational quality at any institution experiencing rapid growth. However, the agency has not provided evidence of the application of its policies in this area nor stated that it has not experienced these situations.

Staff Determination: The agency does not meet the requirements of this section. The agency must either provide evidence of the application of its policies pertaining to the rapid growth of additional locations or state that it has not experienced these situations.

Analyst Remarks to Response:

The agency provided correspondence from three of its institutions as evidence of the application of its policies pertaining to rapid growth. However, it is not clear from the evidence provided that this documentation pertains to additional locations, rather than main campuses of the institutions concerned.

Staff determination: The agency does not meet the requirements of this section. The agency must either provide evidence of the application of its policies pertaining to the rapid growth of additional locations or state that it has not experienced these situations.

(d) The purpose of the visits described in paragraph (c) of this section is to verify that the additional location has the personnel, facilities, and resources it claimed to have in its application to the agency for approval of the additional location.

The agency has updated its policy manual (p. 51) to mirror the language of the requirements of this section of the federal regulations – that the additional location has the personnel, facilities and resources it claimed to have in its application. However, the agency provided no documentation to demonstrate enforcement of its policies.

Staff determination: The agency does not meet the requirements of this section. The agency must provide documentation to demonstrate that it has made on-site visits to additional locations during which it verified that the location has the personnel, facilities and resources it claimed to have in its application or attest that it has not had occasion to make such a visit.

Analyst Remarks to Response:

This requirement is not limited to instances of rapid growth in the establishment of additional locations at an institution. This criterion requirement applies to any on-site visits required under 602.22 (c). The agency has not documented its effective application of the on-site visit to verify that the additional location has the personnel, facilities and resources it claimed to have in its application.

Staff determination: The agency does not meet the requirements of this section. The agency must provide documentation to demonstrate that it has made on-site visits to additional locations during which it verified that the location has the personnel, facilities and resources it claimed to have in its application.

§602.23 Operating procedures all agencies must have.

(c) The accrediting agency must--

(1) Review in a timely, fair, and equitable manner any complaint it receives against an accredited institution or program that is related to the agency's standards or procedures. The agency may not complete its review and make a decision regarding a complaint unless, in accordance with published procedures, it ensures that the institution or program has sufficient opportunity to provide a response to the complaint;

(2) Take follow-up action, as necessary, including enforcement action, if necessary, based on the results of its review; and

(3) Review in a timely, fair, and equitable manner, and apply unbiased judgment to, any complaints against itself and take follow-up action, as appropriate, based on the results of its review.

The agency has clearly written policies and procedures for addressing complaints both regarding its accredited members, as well as the commission itself. The procedures adhere to commonly accepted practices and include reasonable timeframes for processing complaints. The agency provided a partial example of its action on a complaint it received. However, the documents did not fully demonstrate the agency's resolution of the complaint, e.g., the complaint was not included, nor was the agency's final resolution (to include notifying the complainant).

Staff determination: The agency does not meet the requirements of this section. The agency must provide evidence of its resolution of the complaint.

Analyst Remarks to Response:

The agency received and investigated complaints regarding an institution, but apparently did not respond to the complainants after investigating the complaints as required by the agency's policies.

Staff determination: The agency does not meet the requirements of this section. The agency must provide evidence of its effective application of its complaint policies during the next year or report it has not received a complaint when it submits its compliance report.

§602.24 Additional procedures certain institutional accreditors must have.

If the agency is an institutional accrediting agency and its accreditation or preaccreditation enables those institutions to obtain eligibility to participate in Title IV, HEA programs, the agency must demonstrate that it has established and uses all of the following procedures:

(a) Branch campus.

(1) The agency must require the institution to notify the agency if it plans to establish a branch campus and to submit a business plan for the branch campus that describes--

- (i) The educational program to be offered at the branch campus;**
- (ii) The projected revenues and expenditures and cash flow at the branch campus; and**
- (iii) The operation, management, and physical resources at the branch campus.**

(2) The agency may extend accreditation to the branch campus only after it evaluates the business plan and takes whatever other actions it deems necessary to determine that the branch campus has sufficient educational, financial, operational, management, and physical resources to meet the agency's standards.

(3) The agency must undertake a site visit to the branch campus as soon as practicable, but no later than six months after the establishment of that campus.

The agency addresses its review and approval of branch campuses under its substantive change policies and procedures. Its review and approval procedure addresses all of the requirements of this section. However, the agency's documentation is of a foreign branch campus. Staff requests the agency to provide evidence of its review of a request to establish a branch campus in the United States.

Staff determination: The agency does not meet the requirements of this section of the criteria. The agency needs to provide an example of a request to establish a branch campus located in the United States, demonstrating its effective application of this criterion.

Analyst Remarks to Response:

The agency is still in the process of responding to this finding.

Staff determination: The agency does not meet the requirements of this section. The agency needs to provide an example of a request to establish a branch campus located in the United States, demonstrating its effective application of this criterion.

PART III: THIRD PARTY COMMENTS

The Department did not receive any written third-party comments regarding this agency.